GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:4987
ANSWERED ON:20.12.2002
CONVERSION OF LIMITED COMPANIES INTO PVT. LTD. COMPANIES
RADHA MOHAN SINGH

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) The number of the companies which have been converted into private limited companies from public limited companies during the financial year 2000-2001 and 2001-2002;

(b) Whether some public limited companies are being converted into private limited companies so as to conceal important informations relating to their loss and profit accounts and their income;

(c) If so, the losses suffered to Central revenue due to such conversion during the above period;

(d) Whether the Government propose to formulate any scheme to make auditing of profit and loss accounts of each company mandatory; and

(e) If so, the details thereof ?

Answer

MINISTER OF FINANCE AND COMPANY AFFAIRS (SHRI JASWANT SINGH)

(a) 332 in 2000-2001 and 604 in 2001-2002.

(b) & (c): Conversion of a company from public to private does not entail any refund of registration fee or any deduction in filing fees. The conversion also does not reduce the filing requirement of statutory returns such as Annual Returns and Balance Sheet, which are opened to public inspection. Income is to be reported to, and determined by, the Income Tax authorities who are entitled to call for information with regard to profit and loss account of even private limited companies.

(d) It is already mandatory for every company registered under the Companies Act, 1956, to get its annual accounts audited.

(e) Does not arise.